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**FISCAL IMPACT STATEMENT**

**LS 6777**

**BILL NUMBER:** HB 1267

**NOTE PREPARED:** Jan 6, 2012

**BILL AMENDED:**

**SUBJECT:** Architect Registration Renewal.

**FIRST AUTHOR:** Rep. Klinker

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Notification/Failed to Renew License-* The bill requires that notification must be mailed to an architect who fails to renew the architect's certificate of registration.

*Architect Amnesty-* The bill creates a one-year registration renewal program for architects who failed to renew their registration and subsequently meet certain requirements.

*Renewal Program Fund-* The bill establishes the Renewal Program Fund (RPF) to allow the Professional Licensing Agency (PLA) to administer the renewal program and notification requirements.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** *Notification/Failed to Renew License-* This provision would require additional expenditures for notifications to an unknown number of architects.

If about 10% of current certification holders (approximately 327) did not renew in 2011 and had to be sent a notice by certified mail, the cost to the PLA to do so would be about \$965, including the metered postage rate. Depending on the timing the mailings are sent, the PLA in theory would have to send out mailings only every other year. The cost to cover the additional postage would be covered by the revenues generated by the amnesty program.

*Architect Amnesty-* There would be additional administrative workload on the PLA's architecture workgroup to reinstate those that would choose to take advantage of the amnesty. Presumably, revenues from the amnesty fees would cover the costs to reinstate the lapsed certifications.

**Background:** Currently, first-class postage for personal mail is \$0.44 retail and begins at \$0.37 for business automation postage. Certified mail is \$2.85 per letter. The PLA had approximately \$128,000 in postage expenditures during FY 2011. As of September 2011, there were 3,274 architects actively licensed by the PLA. Architect certifications are valid for two years. All certifications expire on November 30 in an odd year.

**Explanation of State Revenues:** *Architect Amnesty-* The amnesty would cover architects who did not renew their license starting on January 1, 2005, and ending June 30, 2012. It is unknown how many architects would respond and seek to renew their certification during the amnesty period. Additionally, given the unknown number of renewal periods an architect may have let their certification lapse, the total certification fee and additional late fee revenue the amnesty could generate is indeterminable. (For example, an architect that was certified on January 1, 2005, that did not immediately let their application lapse could have let the certification lapse during any of the three renewal cycles that followed.)

Under the bill, the person applying for reinstatement of their certificate during the amnesty period would have to pay the following in fees:

- (1) all unpaid certificate of registration renewal fees (\$100 multiplied by the number of renewal periods missed.)
- (2) the current certificate of registration renewal fee, which is \$100.
- (3) an additional late fee equal to all unpaid certificate renewal fees.

For example if an architect has missed two renewals, their total fees would equal \$500 [\$200 + \$100 + \$200].

*Amnesty Period Revenue Estimate-* The following table illustrates the number of architect certifications that were active on January 1, 2005, that have subsequently expired during the following renewal cycles.

<b>Year Certification Expired</b>	<b>Number of Certifications Valid on January 1, 2005, That Have Expired</b>	<b>Number of Cycles Potentially Missed</b>
2005	751	4
2007	313	3
2009	377	2
2011	400	1
TOTAL	1,841	n/a

There are several reasons why a certification may have lapsed: attrition due to retirement and/or death, the architect is no longer an Indiana resident, the architect quit the profession for other work, or the architect forgot to renew. If it were assumed that about 20 architects (about 1% of total lapsed certificates) were recertified under the amnesty and paid, on average, fees of \$500, the program might generate \$10,000.

*Renewal Program Fund-* The revenue generated by the amnesty would cover PLA mailings to architects with expired and unexpired certifications.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Professional Licensing Agency.

**Local Agencies Affected:**

**Information Sources:** Professional Licensing Agency; United States Postal Service; Auditor's online data report 6/30/2011.

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